



Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Southgate Services

File: B-246758

Date: March 20, 1992

James V. Penn for the protester,
Tem T. Tew for The Libertatia Associates, Inc., and
George E. Wade, III for Wade Textile Rental, interested
parties.

Maj. Bobby G. Henry, Jr., and Lt. Col. Philip L. Kennerly,
Department of the Army, for the agency.

Susan K. McAuliffe, Esq., and Michael R. Golden, Esq.,
Office of the General Counsel, GAO, participated in the
preparation of the decision.

DIGEST

A solicitation's workload estimates for laundry services under a requirements contract need not be absolutely correct, but must be reasonably accurate representations of anticipated actual needs. The General Accounting Office will not sustain a challenge to the estimates unless they are not based upon the best information available or are otherwise defective.

DECISION

Southgate Services protests any award of a contract under invitation for bids (IFB) No. DABT01-91-B-0022, issued by the Department of the Army for laundry services at Fort Rucker, Alabama and Fort Benning, Georgia. The protester contends that the IFB's workload estimates for Fort Rucker are defective because they overstate the agency's actual needs.

The protest is denied.

On July 19, 1991, the Army issued the IFB for furnishing all labor, supervision, and transportation (and associated equipment and supplies) to perform laundry services at a government-owned, contractor-operated facility at Fort Rucker, and at a contractor-owned, contractor-operated facility at Fort Benning, for a base year period and 4 option years. Bidders were required to submit fixed-unit

prices for individual laundry items to be processed under the contract (e.g., types of trousers, shirts, etc. were listed as separate line items on the bid schedule). Other line items (several of which provided service options such as certain time periods in which the laundered item had to be returned to the patron and others which designated the method of payment for the laundry services) were to be priced by the bundle (e.g., 8, 24, 48, and 72-hour individual bundle services paid for by payroll deduction as well as bundle services paid for by cash by the customer were listed as separate line items). The IFB's bid schedule provided an estimate of the quantity of items anticipated for each line item. For the bundle-type services, the bid schedule provided a maximum number of items that could be included in each bundle, an estimate of the number of bundles expected to be received (weekly and annually), and an estimate of the average piece count per bundle. Bidders were advised in the IFB that this was a requirements contract and that:

"[t]he workload stated in the . . . schedule of services is approximate based on a typical 12-month period, and in no way is to be construed as a guarantee by the government as to the laundry work that shall be processed under this contract. In this regard, the workload is subject to changes resulting from any factors, i.e., training exercises, troop strength fluctuation, hospital admissions, weather, and mission changes. As a general rule, workload is heaviest during the months of May, June and July."

The IFB also advised that if the government's requirements did not result in orders in the quantities described as "estimated" in the schedule, this fact would not provide a basis for an equitable price adjustment. Federal Acquisition Regulation (FAR) § 52.216-21(a).

Bidders were to submit extended prices based on the estimates provided for evaluation purposes. The contractor was only to be paid for the quantities actually ordered at the unit price bid for that item or service.

The solicitation advised bidders that the agency intended to make a single award of a fixed-price requirements contract under Schedule I of the IFB's bid schedule (which provided for laundry services at both Fort Rucker and Fort Benning). However, Section M of the IFB provided that the agency reserved "the right not to award Schedule I when as a result of price comparison," the low bid for Schedule III (for

laundry services at Fort Benning only) is lower than the total price for Fort Benning's requirement under Schedule I. "In this case, the (agency reserved) the right to make two separate awards [(under Schedule II for services at Fort Rucker and Schedule III for Fort Benning)]." Bidders were encouraged, but were not required, to bid on each of the schedules.

Southgate, which had been awarded a contract for similar laundry services at Fort Rucker prior to the last contract awarded for the services, corresponded with the agency several times prior to bid opening complaining that the IFB's workload estimates were 3 to 4 years old and outdated. Southgate challenged the quantity estimates as overstating the agency's actual needs since information the protester received from sources at the Fort Rucker laundry facility allegedly indicated that the laundry quantities currently processed there were lower than that stated in the IFB. The protester alleged that the estimates were not based upon the best available data and urged the agency to reexamine its estimates based upon current and recent historical data.

Upon issuance of the IFB, the agency based the workload estimates on its fiscal year (FY) 1989 requirements. Its initial reasoning was that some temporary changes in its laundry needs may have occurred in FY 1990 and FY 1991 due to mission and personnel changes at Fort Rucker during the Desert Storm operations (Fort Rucker acted as a mobilization base for operations in the Persian Gulf) which made this more recent data less reliable in forecasting future needs. In light of the protester's contentions, however, the agency reevaluated the IFB estimates. The agency compared the IFB's initial estimates for each line item to the agency's most recent historical data (i.e., the incumbent's FY 1990 and FY 1991 invoices). This comparison included consideration of the Desert Storm operations on the IFB's estimates (which the agency advises were considered minimal since the bulk of the installation's Desert Storm-related laundry requirements were satisfied under a separate contract), the anticipated additional laundry requirements from several newly constructed facilities (including additional housing and family centers), a current (and anticipated future) increase in hospital care, and the need to project estimates for new requirements for which limited or no historical data existed (e.g., regarding the 24-hour individual piece rate and the 10- and 18-piece cash bundles). In adjusting and projecting the agency's estimated requirements, consideration was also given to the fact that many students and soldiers would no longer be able to use certain payroll deduction services which were being

eliminated. The agency has advised us that this factor caused it to decrease the quantity estimates initially provided for payroll deduction services, which was a popular service, and to increase the projected estimates for the individual piece rate and bundle services paid on a cash basis by the customer which were expected to be used by former payroll deduction patrons. Through the issuance of a series of solicitation amendments (the latest, amendment No. 7, was issued on November 14), the agency increased the IFB's workload estimates, as the agency explains, to reflect its anticipated actual requirements.

On November 22, Southgate filed its protest with our Office. The agency subsequently proceeded with the scheduled November 25 bid opening. The protester submitted the apparent third low bid at bid opening; Broad Avenue (the incumbent) submitted the apparent second low bid for the requirement.¹ The apparent low bid was submitted from The Libertatia Associates, Inc.²

Southgate principally contends that the agency failed to base its IFB workload estimates on the most recent actual data (i.e., the incumbent's current and recent invoices). It asserts that the agency improperly amended the IFB to increase its estimated workload despite the protester's

¹The agency contends that the protest should be dismissed on the basis that Southgate is not an interested party because the firm submitted the third low bid and is not in line for award. Since Southgate filed its protest prior to bid opening and argues that the allegedly defective workload estimates affected how it bid, the protester is an interested party for purposes of challenging the accuracy of the IFB's workload estimates because Southgate's direct economic interest would be affected if the protest were sustained and the requirement were resolicited. 4 C.F.R. § 21.0(a) (1991).

²To the extent the protester contends that the incumbent improperly manipulated its bid or that the incumbent's bid is nonresponsive, these protest grounds are dismissed as academic. The incumbent is not the low bidder in line for award. It is not our role to consider a protest issue which has no practical consequence with regard to an existing federal procurement. See Mark Dunning Indus., Inc., B-212146, July 21, 1983, 83-2 CPD ¶ 111. We note, however, that our review of the examples cited by the protester show that Broad Avenue may simply have structured its bid to reasonably take into consideration economies of scale and offered lower prices for larger estimated quantities of similar items.

challenge that the estimates should be decreased. The protester specifically states that the loss of the payroll deduction services, the apparent duplication of laundry items under the 8- and 24-hour individual piece rate line items, the incumbent's invoices for FY 1990 and FY 1991 (totalling approximately \$1.5 million annually), the current interim contract based on approximately 1.2 million pieces annually, and the fact that certain estimates end in zero(s) (allegedly indicating a "fictitious" nature) show that the IFB's total annual estimated quantity of approximately 2 million pieces of laundry to be processed at Fort Rucker overstates the agency's actual requirements.

When an agency solicits bids for a requirements contract on the basis of estimated quantities, as here, the agency must base its estimates on the best information available. There is no requirement, however, that the estimates be absolutely correct. Rather, the estimated quantities must be reasonably accurate representations of anticipated actual needs. Renaissance Exchange Inc., B-220799.2, Jan. 21, 1986, 86-1 CPD ¶ 63. We will not sustain a challenge to the estimates unless the estimates were not based on the best information available or are otherwise defective. American Contract Servs., Inc., B-225182, Feb. 24, 1987, 87-1 CPD ¶ 203; Dynalelectron Corp., 65 Comp. Gen. 92 (1985), 85-2 CPD ¶ 634.

In our view, the protester has done no more than disagree with estimates that reflect the reasoned judgment of the agency personnel responsible for laundry services at Fort Rucker who considered the best available information in projecting its anticipated requirements. As stated above, Southgate essentially argues that the estimates are defective because they exceed the actual workload under the current 3-month interim contract and the incumbent's prior contract. Workload estimates, however, should represent the best estimates of the agency's anticipated future requirements, not merely parrot the current workload figures. Dynalelectron Corp., supra. This is particularly important here where the agency reasonably anticipates an increase in its laundry quantity requirements over the term of the contract (which contract could be extended by exercise of the options to a period of nearly 5 years) due to several newly constructed facilities (and other buildings under construction which are nearing completion) at Fort Rucker, including additional housing units, a guest house, and a high-rise building for students and military personnel. This new construction and an expected increase

in personnel (including an uncertain number of students who will attend training sessions at the base) may reasonably increase the requirements for laundry services at the installation during the term of the contract. We have also been advised that the agency is currently experiencing an increase, and anticipates a continuing future increase, in hospital care resulting in an expected increase in organizational bulk laundry to be processed under the contract.

We find reasonable the agency's use of FY 1989 requirements as a baseline, adjusted for the actual line item orders for FY 1990 and FY 1991 that are expected to be repeated in FY 1992 and the option periods, while taking into account the expected increase in services due to new construction at Fort Rucker. Contrary to the protester's specific contentions, the record shows that the estimates for the new requirement for a 24-hour individual piece rate service (which was requested by Fort Rucker laundry patrons) do not duplicate the estimates for similar items under the 8-hour individual piece rate service, but rather the 24-hour estimated quantities were extracted from other time periods previously solicited and serviced under the prior contract. Similarly, since the IFB, as amended, decreases the estimated services paid for by payroll deduction, we do not find unreasonable or unsupported the resulting increase in estimated individual piece rate and cash bundle services to compensate for the elimination of the payroll deduction services for certain installation personnel. Further, since the cash bundle services are new to this solicitation and offer what the agency reasonably believes will be an attractive alternate service (since a maximum number of laundry items (in 10- or 18-piece bundles) can be serviced for a set price), we find reasonable the agency's expectation that this service will be a popular addition to prior requirements and that the number of pieces processed under the cash bundle services will likely cause the contract under the IFB to exceed the total workload figures from prior contracts.

As for Southgate's contentions that the interim contract was recently awarded for a lesser overall quantity, the record shows that such contract was only for a 3-month base period during the winter months (which historically experience lower laundry quantities) and did not contemplate the new construction and related anticipated increase in personnel and laundry services over the IFB's contract period. As for Southgate's contention that the agency's use of numbers that end in zero(s) indicates they are fictitious, these estimates are obviously approximations and need not be so specific as to preclude a reasonable rounding of numbers. We consider the IFB's estimates to be based on the best

available data--historical data, actual data, and a reasonable projection of the agency's future requirements--and, as such, are reasonably accurate representations of the agency's anticipated needs.

Accordingly, the protest is denied.



for James F. Hinchman
General Counsel